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Commissioner Vestager
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels

Brussels, 2 August 2021

New 'one-size fits all' State Aid rules threaten innovation and EU leadership in renewable energy

Dear Commissioner Vestager,

We are a coalition of innovative renewables, united by our concern with the draft Climate, Energy and Environmental State aid Guidelines.

The companies and institutes we represent are developing and bringing to market the next generation of geothermal, concentrated solar power, ocean, hydro, solar thermal, biomass wind and photovoltaic technologies. These technologies are critical if Europe is to deliver on its 2050 climate neutrality target, and to maintain the continent's strategic leadership in renewables.

We broadly welcome the draft Guidelines, which will bring welcome simplification to the State aid framework.

However the Guidelines do not fit for the distinct circumstances facing emerging innovative renewables. Innovative renewable projects face radically different market conditions and have negligible competition impacts (if any). And it is critical that they are developed now, if Europe is to hit its 2050 neutrality target.

Yet under the draft Guidelines, demonstration projects of 10s of MWs must largely undergo the same scrutiny as GW-scale mature renewable projects. This incentivises Member States to focus on short-term deployments of mature renewables, and to neglect the work needed to deliver post-2030 decarbonisation.

Already this is a problem. The Commission reported that not 1 of the 27 National Energy and Climate Plans adequately uses R&I to deliver on climate and clean energy objectives. And several other Commission Communications raised similar red flags.¹

The Guidelines also leave the door wide open for investments in fossil gas. The time for transition is over. Innovation efforts must now be concentrated on creating long-term alternatives to gas – not the exploitation of State aid loopholes.

The Guidelines should categorically rule out aid for fossil gas. The attached file contains specific text change proposals, which will address many of these issues. We would also be glad to meet with your services to discuss our concerns in greater detail.

Best regards,

Rémi Gruet, CEO, OEE

Jean-Marc Jossart, Secretary General, Bioenergy Europe

Marcel Bial, Secretary General, Estela

Philippe Dumas, Secretary General, EGEN

Greg Arrowsmith, Secretary General, EUREC

¹ The **Clean Energy Competitiveness report** notes that the EU's specialised advantage in renewable has been shrinking since 2005. The **State of the Energy Union** report sums up public and private R&I spending trends on clean energy as 'not encouraging'. The **Fifth New Industrial Strategy for Europe** calls for 'a more strategic approach to renewable energy industries' and a step up in investment in research, innovation, and deployment of clean energy technology